JOINT/SELECT COMMITTEE REPORTS OF LEGISLATIVE ASSEMBLY - 1934

The Indian Tariff (Textile Protection Amendment) Bill

List of Reports of Select or Joint Committees

presented to the Legislative Assembly in 1934.

Serial No.	Short title of the Bill.	Date of presentation.	Remarks.
1.	The Indian Tariff(Amendment) Bill.	5. 2.34.	
2.	The Indian States(Protection) Bill.	14. 2.34.	
3.	The Negotiable Instruments(Amendment)Bill.	26. 2.34.	
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5.	The Indian Tariff(Textile Protection) Amendment Bill.	2. 4.34.	
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7.	The Matches (Excise Duty) Bill.	14. 4.34.	
8.	The Indian Dock Labourers Bill.	16. 7.34.	
9.	The Mechanical Lighters(Excise Duty) Bill.	23. 7.34.	
10.	The Indian Carriage by Air Bill.	25. 7.34.	
11.	The Indian Aircraft Bill.	25. 7.34.	
12.	The Hedjaz Pilgrims(Muallims) Bill(Second Report of the Select Committee)	2. 8.34.	
13.	The Indian Army (Amendment) Bill.	7. 8.34.	
14.	The Indian Iron and Steel Duties Bill.	13. 8.34.	
15.	The Indian Petroleum Bill.	14. 8.34.	
16.	The Indian Income-tax(Amendment) Bill by Sir Hari Singh Gour.	22. 8.34.	
17.	The Indian Navy (Discipline) Bill.	25. 8.34.	

We, the undersigned, Members of the Select Committee to which the Bill further to amend the Indian Tariff Act, 1894, for certain purposes, was referred, have considered the Bill and have now the honour to submit this our Report, with the Bill as amended by us annexed thereto.

We have examined with care the materials placed before us upon which the various duties proposed by the Bill have been based, and have satisfied ourselves that those proposals are in the main adjusted with due regard to the various interests affected.

On the alterations effected in the Schedule we append the following explanatory remarks :—

The amendment in entry No. 7 corrects a drafting omission.

In entry No. 8, Item No. 157 A, we have increased the additional specific duty from 11½ annas to 14 annas. The latter figure is the result of a calculation based on import prices for the months of December, 1933, January and February, 1934, while that in the Bill was based on the figures for the months July to September, 1933. The change made in Item No. 158 A in entry No. 9 is made for the same reason.

The change made in Item No. 158 E removes the sub-division into three classes with varying duties and fixes one general rate of duty for all classes. The sub-division contained in the Bill had the unintended result of imposing an unfairly heavy duty upon certain particular kinds of the article specified in this item.

The change made in the duty imposed under Item No. 158 F is consequential on the change made in the duty imposed under Item No. 158 E on pure silk piece-goods. The entry in column 2 has been recast to differentiate between (*a*) mixtures containing a high proportion of silk and artificial silk, (*b*) mixtures containing a lesser proportion of silk and artificial silk and (*c*) mixtures containing no artificial silk, and a low proportion of silk.

In Item No. 158 G we have fixed the line of demarcation between the two classes at 50 per cent. instead of 40 per cent. The consensus of opinion was that any fabric of which either the warp or the weft was entirely composed of cotton should be admitted at the lower of the two rates applicable to artificial silk mixtures, but that any other form of mixtures with a lower percentage of cotton than 50 per cent. should be dutiable at the higher rate.

Item No. 158 J has been re-drafted in a more accurate form without change of substance. The wording now employed is more in accordance with trade practice and nomenclature.

In Item No. 158 L we have inserted as an additional article "Umbrella coverings". The object is to prevent stitched coverings for umbrellas being imported at the lower rate applicable to textile manufactures under Item No. 238 H. The assembling of umbrellas is a cottage industry in Bengal of some dimensions, and not only would the import of coverings in made-up forms affect this industry, but it would evade the protective duty imposed on umbrella cloth which is one variety of cotton piece-goods.

In Item No. 158 M we have increased the duty on cotton knitted fabrics to 50 per cent. *ad valorem* or 12 annas per pound, and have abolished the distinction made in the Bill between fabrics of lighter and heavier weights. We understand that at the moment there is practically no import of such goods, but we consider that import should be definitely discouraged in view of the possibility of evading the protection to cotton hosiery by the manufacture in India of undervests, etc., from imported cotton knitted fabrics.

The alteration made in Item No. 158 N merely corrects a printing error.

In Item No. 158 O we have altered the specific duty of 9 annas per pound proposed in the Bill to a duty of 12 annas. The consensus of opinion was that the average weight of imported hosiery of standard size was more nearly 2 lbs. per dozen, than 2½ lbs. per dozen, the basis on which the proposal of 9 annas was founded.

The alteration made in entry No. 10 of the Schedule rectifies a drafting error.

In connection with the fabrics described in Item No. 158 C we are assured that the Government have reserved power under the Indo-Japanese Trade Agreement to impose a specific duty not exceeding 5½ annas per pound on classes of goods which do not come under the category of "plain greys" if the respective price levels of Japanese and Indian goods necessitate it. We are also assured that the Indo-Japanese Agreement will not be a bar to the enhancement of the duties on yarns or artificial silk goods should the duties now proposed prove inadequate.

The amendments made by us in Items Nos. 157 A, 158 A, 158 L, 158 M and 158 O have the effect of increasing the taxation proposed by the Bill and are therefore not covered by the previous sanction accorded by the Governor General to the Bill as introduced. The necessary previous sanction of the Governor General has been obtained to the making of the amendments specified.

A majority of the non-official members desired to add to the report a recommendation to Government to consider the advisability of appointing a Trade Commissioner in Japan at an early date.

2. The Bill was published in the Gazette of India, dated the 10th February, 1934.

3. We think that the Bill has not been so altered as to require re-publication, and we recommend that it be passed as now amended.

B. L. MITTER.
J. W. BHORE.
F. NOYCE.
*A. RAMASWAMI MUDALIAR.
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*H. P. MODY.
*N. S. DUDHORIA.
*F. E. JAMES.
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*SATISH CH. SEN.
*VASUDEVA RAJAH.
C. S. RANGA IYER.
*B. SITARAMA RAJU.
*ZIAUDDIN AHMAD.
*K. P. THAMPAN.
*A. H. GHUZNAVI.
R. S. SARMA.

NEW DELHI;

The 2nd April, 1934.

* Subject to a minute or minutes of dissent.

MINUTES OF DISSENT.

In continuation of the note of dissent signed by me jointly with Dr. Ziauddin Ahmad I have to submit as follows :—

1. The most noticeable feature of the present Report is that in as many as five instances, *viz.*, items 157 A, 158 A, 158 L, 158 M and 158 O, amendments made have the effect of increasing the taxation proposed by the Bill. It is also a novel feature so far as my experience of this Assembly is concerned. The fact that the Government have accepted these amendments and are obtaining the sanction of the Governor General as regards these increases, goes to show that either the Government enquiry leading to the Bill was superficial or that the Department of the Government concerned with the preparation of the Bill was unaware of relevant and important considerations which led them subsequently to change their mind and accept the amendments. In either case it is regrettable in the extreme.

2. Further in the case of item 158 O, *viz.*, Cotton Hosiery, the Government had before them the Report of the Tariff Board regarding the grant of protection to the cotton textile industry for a period of over two years during which they have had the amplest opportunity of studying the matter and arming themselves with all relevant information. At any rate it may be reasonably expected that a Department of Government which considers itself efficient must have done so before their conclusions were embodied in the form of a Bill.

3. In this connection it is to be noted that the present Bill was introduced in the Legislative Assembly on the 5th February this year. Prior thereto another Bill dealing temporarily with Cotton Hosiery among other matters had been fully considered both by the Assembly and by a Select Committee and Government had before them all the pros and cons of the matter. This latter Bill was based on the recommendations made by the Tariff Board and imposed a duty of Rs. 1/8/0 per dozen undervests and 10 annas per dozen pair socks and stockings, although the Tariff Board had recommended 8 annas per dozen pair.

4. Further, in the course of the proceedings of a Sub-Committee of the Select Committee in connection with this prior Bill, it was authoritatively stated by the Government representatives that an *ad valorem* duty of Rs. 1/8/0 per dozen was equivalent to 9 3/5 annas per lb., thus accepting the view that the average weight of imported hosiery of standard size of 32″ was about 2 lb. 8 oz. per dozen.

5. It was a matter for surprise to find that in the Select Committee to which the present Bill had been referred the proposal to alter the specific duty of 9 annas per lb. to one of 12 annas per lb. was accepted on behalf of the Government. This was absolutely contrary to the view previously entertained by Government representatives and against the basis on which the proposal of 9 annas was founded.

6. According to the information supplied to the Committee, it appeared that hurried telegrams were sent by the Government to the several ports of India—Calcutta, Bombay, Karachi and Rangoon—just before the consideration of this hosiery matter by the Select Committee and the replies received by the Government formed the basis on which the fresh proposal for 12 annas per lb. was founded.

7. In the first place I submit that a statement containing highly technical information like the one in point which induced the Government to accept the increased basis of 12 annas per lb. should have been circulated amongst the Members of the Select Committee so that a layman like myself would have had time to follow it. To throw a complex and complicated statement at us at the eleventh hour and ask us to express an opinion on it immediately was, to say the least, most unfair.

8. The statement in question imported—

(*a*) the average weight of imported hosiery of standard size being more nearly 2 lbs. per dozen ;

(*b*) the standard size being 30 inches ;

(*c*) an examination of a large range of qualities of sizes 26″ to 34″ in the ports of Calcutta and Bombay ; and

(*d*) the ascertainment of their average *c.i.f.* prices per dozen in Calcutta and Bombay.

9. I submit that in view of the abandonment of the position taken up by the Government in the Bill as introduced at the eleventh hour on the basis of hurried enquiries made by the Government in distant ports, it was incumbent on the Government to embody the result of their researches into a document and afford adequate facilities and opportunities to the Members, if they so desired, to examine the materials and scrutinise. Instead of it, the whole matter was finished at one sitting within half an hour.

10. In case such facilities and opportunities were allowed, the following defects would have been apparent :—

(*i*) While the price of the Indian underwear was taken as of 1932, that of comparable Japanese vest was taken as prevailed in 1934.

(*ii*) While the standard size is 32″ and was so taken by the Tariff Board, it was taken as 30″ in connection with the latest enquiry by the Government.

(*iii*) The enquiry was restricted to the lighter class of hosiery suitable for summer wear in as much as the heavier hosiery, suitable for winter wear, is not imported until about the month of September—October preceding the winter.

11. It is submitted that if a proper enquiry was made and the investigation was made with an eye to these points, then the average of the results obtained will work out a figure of even less than 9 annas a lb.

12. The summer underwear of 32″ standard size, now coming in from abroad and available in the market, varies in weight from about 1 lb. 8 oz. to 3 lb. 8 oz., *viz.*, 1 lb. 8 oz., 2 lb.,

2 lb. 8 oz., 3 lb., and 3 lb. 8 oz. per dozen, the average weight per dozen being 2 lb. 8 oz. The winter underwear of 32" standard size will vary in weight from about 4 lbs. to 9 lbs. per dozen, the average weight being about 7 lbs. per dozen. These heavier winter goods have not been taken into consideration either by the Tariff Board or the Government or the Select Committee. Their inclusion will wholly alter the complexion of things.

13. A uniform rate of duty either on a weight (per lb.) basis or on a quantitative (per dozen) basis is bound to operate harshly in respect of certain classes of hosiery. If it is levied per dozen as was the case under the Act recently passed then it becomes prohibitive in case of goods inferior in quality and therefore cheaper in price, as also smaller in sizes. If the duty be levied by weight, as is proposed under the present Bill, its incidence works most harshly against the coarser and heavier goods. Under the circumstances we should proceed on the basis of a graduated scale. A duty of -/9/- annas per lb. for goods up to 3 lbs. in weight and -/6/- annas each successive lb. for those above three lbs. in weight will meet the requirements of the case.

14. Lastly I submit that Pongee Silk should be assessed at a duty of 50 per cent. *ad valorem* only.

A. H. GHUZNAVI.

At the outset of our deliberations some of us expressed our desire to call attention to the problems that might arise in connection with the commercial and trade relations between India and Burma in the event of the separation of Burma from India.

We felt that the example of the Bombay-Lancashire Agreement might be taken as a precedent and the Indian textile and steel interests might make attempts to secure free import into Burma in exchange for similar rights granted to Burma for her exports and feared that an agreement to this effect might be imposed by the Constitution Act without the approval of the Indian Legislature. We expressed the opinion that any such agreement would be disastrous to the best interests of the country in general and to the interests of the agriculturist in particular, and desired to record our view that trade relations with a separated Burma should be the outcome of an agreement between the new Indian and Burma Legislatures and agreements of private persons or interests should not be permitted to encourage or influence the Government to obtain legislative sanction until the interests of the country as a whole call for it.

To turn to the legislative proposals before us, a Select Committee was never faced with problems of such complexity and conflicting interests as this Committee had to face. Our task had not been lightened by the reports of the Tariff Board which have been found capable of being interpreted in support of any and in some matters even directly opposite views. The Tariff Board on the Cotton Textile industry have admitted that they were handicapped in their enquiry for want of the necessary power to compel the production of evidence. They stated that the unattached mills and the Chambers of Commerce have contributed little or nothing to that enquiry. We have come to know that the enquiry was not held in several centres. The Government themselves are unable to give any more indication of the state of the industry than what was given by the Tariff Boards themselves. We regret to have to note also that the evidence before the Tariff Board was not available to us, as it is not printed although it is now about 2 years since the enquiry was held. Under these circumstances it cannot be said that we have been able from the material before us to judge adequately the condition of the industry as a whole.

Protection.—The principle that the cotton textile and silk industry of the country deserves protection from unfair foreign competition was accepted by the House when this Bill was referred to us. We, therefore, refrain from making any observations on the need for continued protection. But the extent to which protection is necessary to the industry has been left to us as a matter for our careful consideration. The protection required by the condition of the industry in Bombay has been often taken as the basis for the measure of protection necessary for the industry as a whole but we consider that however important the interests of the city of Bombay may be, the measure of protection necessary for Bombay industry is not the measure of protection necessary for the industry taken as a whole. The labour conditions, the non-production of necessary raw materials in its neighbourhood, and other circumstances have made matters difficult for the industry in Bombay to take the same advantage of the shelter afforded them by the policy of protection, which Ahmedabad and other centres have admittedly been able to. We believe that the paid up capital of the industry in Bombay is only about 20 crores of rupees. Although it is difficult to assess the burden on the consumer, according to the calculation of one expert the policy of protection within the last 4 years has thrown no less than Rs. 65 crores of burden on the consumers of the country and yet the industry is demanding even greater protection. The Tariff Board is unable to say when the industry will be able to dispense with protection. In view of what was stated in the earlier part of this note, on the non-availability of information regarding the state of the industry in the country as a whole, we are not convinced that the mill industry as a whole in the country has enabled us to know the extent to which protection, if any, is necessary for the industry.

Having regard to the fact that continued protection means continued transfer of wealth of the comparatively poorer rural classes to the relatively richer industrialised groups of interests, we would like to lay great stress on the need for having more accurate information on the condition of the industry and some amount of control on the industry itself. The Indian Mill Industry is domineered by managing agency system of firms. The Tariff Board on the cotton textile industry had come to the conclusion that this managing agency system should be statutorily controlled. The revision of the Indian Company's Act is long overdue. The Government members of the Committee assured us that the Government propose to take steps in making changes in the Indian Company's Act. We regret to have to note that we are not given any indication of the nature of the steps they propose to take.

We desire to express our opinion that unless the Government take effective measures to deal with inter-mill finance and check the system of finances, block capital, expenditure and the system of commissions, and other evils associated with the managing agency system, and control the other factors arising out of the financial interests of managing agents in subsidiary services, the claim for protection and the extent to which it is necessary cannot be justified. When the industry asks the country to share its troubles, the country must have the right to share in those rights which otherwise would be respected as purely private rights.

Imperial Preference.—Some of us, Mr. Sitaramaraju, and Mr. B. Das, are strongly of opinion that as the country is dependent upon a number of countries other than the United Kingdom and Japan for the purchase of our agricultural produce, it is essential in the best interests of the country to maintain the good will of those countries who are our best customers. Preferential tariffs to United Kingdom and favoured nation treatment to Japan under the respective agreements are likely to prejudice our trade relations with other countries, who are our best customers and they are opposed to them. Dr. Ziauddin Ahmad, however, considers that in view of Ottawa Agreement, preference of 10 per cent. may be given to British goods. We consider that this being a protected industry, the Ottawa preferences are not applicable and need not be followed. With regard to other terms of the agreements not covered by the Bill as for instance clauses relating to surcharge, we wish to specifically note that the Committee should not be construed to have in any way consented to those terms. We are also of opinion that the quota fixed for Japan is high. Further when a quota is fixed for Japan, a high rate of protective duties is unnecessary, in view of Japan being the only serious foreign competitor.

Period and extent of Protection.—The proposed protection under the Bill is to extend upto 1939. We have already remarked the limitations under which we had to judge the extent of protection necessary for the industry. Subject to these remarks, we consider the present period and protection is too long and should be reduced from five to three years. The Japanese agreement being for a period of three years, by fixing these duties for a period of three years, the Assembly would be placed in a position to review the whole situation.

Cotton Yarn.—The cotton yarn is a primary commodity for handloom weavers and the rise in its price will seriously effect the prosperity of the handloom industry and will place it in unfair competition with the Indian mills. The Tariff Board Report (page 37) says, "very little imported yarn is now used in the Indian mills... most of the yarn which is now imported is used by the handloom industry." As the Indian Mill production of yarn of counts 40 and above being only 3·7 we desire to point out that there is no justification whatsoever to impose any import duty on counts of 40 and above while the existing duty having succeeded in protecting the interests of Indian Spinning Mills, regarding lower counts we feel that further increase is unnecessary.

In order to protect the handloom industry from the mill competition, we desire to impress upon the need for an agreement by the mill industry not to manufacture cloth of counts below 20 to avoid competition with handloom weavers. In case the mill industry does not agree to enter into such an agreement with the Government, we propose that the Government should levy a cess on such mill production in the manner indicated by the Tariff Board in aid of the handloom industry. The difficulty felt by the Tariff Board with regard to the levy of cess, in view of the position of the industries in Indian States could be easily overcome by the Government as it has been able to in the case of matches and sugar.

We wish also to place on record that several Local Governments have not taken due interest in their local industries, sericulture in particular, and the want of co-operation on their part has retarded their healthy development.

B. SITARAMARAJU.

B. DAS.

ZIAUDDIN AHMAD.

The importance of the Agreement with Japan has been overestimated. It is very doubtful whether the Agreement would prove beneficial to India. The purchasing capacity of the people of India is going down very fast. The total amount of consumption is being substantially diminished. Since the quota has been given to Japan, the loss in the total quantity of consumption would fall substantially on Indian mills who will find it difficult to get market for their entire production and they would be compelled to curtail their output. I would have liked the quota to be given to Japan not in absolute quantity but in a fixed proportion to the cloth manufactured by the Indian mills.

I believe that the time has now come to revise the old treaties. The circumstances have now changed. In pre-war days the currency of every country was fixed in terms of gold and the limits of appreciation and depreciation were very narrow. At present most countries are maintaining the currency whose value in terms of gold is very fluctuating and it is impossible to frame rules that may be applicable to all the countries.

2. I also apprehend that the quota which Japan has got in the purchase of cotton will seriously affect the price level of cotton. Japan in future will control the price of cotton market in India and the appreciation in the price level of cotton will be out of question. This will very much handicap the agriculturists who are not getting at present the economic price for their cotton.

3. I have not got sufficient data to find out the effect of the protective measure on the revenues of the country. The protective measures, if they are protective, must necessarily diminish the import and consequently the revenue duty would result in the fall of Government revenues. The Government have not laid any figures by means of which the loss to the Government revenues may be calculated. This loss must necessarily lead to the imposition of new taxes to get sufficient revenue. The protection is, therefore, a tax on the consumers and it is also a tax on the taxpayers of the country. It is the duty of the Government to devise methods in all cases where protection is given to find out that the additional taxation is for the benefit of the people of India and not for the benefit of a few capitalists. The Government made a mistake in the case of sugar,

which they are now attempting to rectify. Let them not repeat the similar mistakes in case of other commodities which they now aim to protect.

4. I take this opportunity to point out that in calculating the purchasing capacity of the people we often ignore the fact that the people of India have to pay an invisible tax in addition to the direct and indirect taxes levied by the Government. In European countries the unemployed are always maintained by the Government by the visible taxes, which the Government collects from the people. In India the unemployed persons are maintained by their relatives and friends. No figures for this invisible taxation are available but from personal enquiry I find that this tax varies from 15 to 50 per cent. and I will be correct, if I say, that every person in India has to pay an invisible tax of 0-4-0 in a rupee, which he spends in maintaining the families of his relatives and friends. The fall in the income of the people has reduced the purchasing power of the people. It is estimated that the income of agriculturists has fallen by 500 crores and of income-tax payers by 100 crores.

Artificial Silk Yarn :

India at present is not spinning artificial silk yarn and the question of its protection does not arise. It is incorrect to assume that artificial silk competes with real silk. Persons who really wear silk would not dream of artificial silk. It is used only by persons who otherwise would have used cotton piecegoods. The duties on artificial silk yarn should be the same as on cotton yarns. High specific duties should not be levied on silk unless a demand is made by the Provinces. At present the provincial Governments do not encourage the silk industry and it is unfair to tax the consumers in British India for the benefit of Mysore and Kashmere States.

ZIAUDDIN AHMAD.

The trade of hosiery has been in a very unfortunate position on account of the inability of the Government to make up their mind definitely. The Government brought their legislative proposals about the customs duty on hosiery in two entirely different Bills in the same Session of the Assembly. Specific duty of Rs. 1-8-0 per dozen was levied on hosiery under the Tariff Amendment Act passed by the Legislative Assembly in February, 1934. The specific duty levied in this case was a uniform one and did not vary with the size, as in other articles included in the same Bill. The same specific duty was levied on all sizes, and it was equivalent to a duty of 266 per cent. *ad valorem* for sizes between 16" to 20" and to 170 per cent. for sizes 20" to 24".

2. The Select Committee appointed by the Assembly to consider the Tariff Amendment Bill considered the question of fixing a specific duty by weight and not by number. A sub-committee was appointed for this purpose and it was pointed out by the Government representatives in that sub-committee that *ad valorem* duty of Rs. 1-8-0 per dozen is equivalent to nine three-fifth annas per lb. but the Select Committee by a majority supported the Government proposals which was also the recommendation of the Tariff Board that a specific duty should be by number and it should be Rs. 1-8-0 per dozen for undervests and 0-10-0 per dozen pair of socks, although Tariff Board recommended only eight annas per dozen pair of socks.

3. Hosiery is again included in the present Textile Bill and the Government proposed a specific duty of 0-9-0 per lb. on hosiery in place of the specific duty by number. The hosiery is a small sub-division of textile industry and its natural place is in the present Bill. It was as unnecessary as unjust to have included it in the first Bill which contained miscellaneous articles. The Government during the course of discussion in the Assembly or in the Select Committee did not give any reason for including the hosiery in two different Bills with different incidence of taxation in the same Session.

4. We do not agree with the recommendations of the majority that a specific duty of 0-9-0 per lb. proposed by the Government should be raised to 0-12-0. The reason for enhancement of this duty as given in the Select Committee was as follows :—

	Per dozen.
"The Fair Selling Price as determined by the Tariff Board for undervests comparable with Japanese imports weighing 2½ lbs. per dozen is . . .	62 As.
(187 Tariff Board's Report.)	
Average *c. i. f.* prices per dozen at Calcutta of a large range of qualities of sizes 26" to 34" with an average weight of 2 lb. 4 oz. per dozen is	32·8
The corresponding *c. i. f.* price when the average weight is raised to 2½ lbs. per dozen as taken by the Tariff Board would be .	35·7
The protective duty required on these Calcutta figures for one dozen weighing 2½ lbs. is therefore . .	26·3
And this is equivalent to 10½ annas per lb.	
Similarly—	
Average *c. i. f.* prices per dozen at Bombay of a large range of qualities of sizes 26" to 34" with an average weight of 2 lb. 10¼ oz. per dozen is . .	30·6
The corresponding *c. i. f.* price when the average weight is reduced to 2½ lb. per dozen as taken by the Tariff Board would be	28·7
The Protective Duty required on these Bombay figures for one dozen weighing 2½ lbs. is therefore 33·3.	

And this is equivalent to 13·3 annas per lb. Taking the average of the results for Calcutta and Bombay we obtain as the necessary Protective Duty on Cotton Undervests a figure of 11·9 annas per lb. or say 12 annas per lb."

5. The Tariff Board on page 179 has given 38 As. a dozen as the *c.i.f.* price of Japanese vests and the present price as given in the above statement is 35·7 As. a dozen. The difference is due partly to further depreciation of Japanese Yen since the Tariff Board wrote its report two years ago, and partly to the fact that the Tariff Board took 32 inches size as average for its calculation, while the average in the above statement is 30". There is an important omission in the arguments used for enhancing the rate. The prices for Japanese goods have been changed from 1932 figures to present day figures, but the cost of manufacture has not been altered to the present price level. The wages and the cost of raw material have both gone down during the last two years. If we alter the Tariff Board's figures for the Japanese goods to the price level prevailing in 1934, we should also alter the figures for the cost of manufacture to the present conditions, and use the same standard size (32") in both cases. To alter one and to retain the other is unfair and unjust. We should either accept the figures and conclusions of the Tariff Board Report or alter all the figures to 1934 conditions for which fresh enquiry is needed.

6. The other point which will attract the attention of every person is the enormous difference in the *c.i.f.* price in Bombay and *c.i.f.* price in Calcutta. The *c.i.f.* price in Calcutta is 35·7 for 2½ lb. weight while it is 28·7 in Bombay. The enormous difference is probably due to the fact that people of Bengal use buttoned vests of greater length and in hot weather they use them in place of shirts. Bombay imports very largely vests without buttons and smaller in length. Bengal manufacturers also make to a large extent buttoned vests, and of greater length and the cost of manufacture must have been on that basis.

7. The cost of manufacture calculated at 62 As. per dozen by Tariff Board is today only 56 As. the reduction being due to fall in wages and the fall in the price of yarn.

8. The point which we should like to emphasize is that either we should accept the figures and the recommendations of the Tariff Board and levy the duty of Rs. 1-8 per dozen or 0-9-0 per lb. as proposed by the Government as its equivalent. If the Government gives up this position then we strongly urge that the whole question should be enquired into afresh by the Tariff Board or by a Special Officer. The figures given by Tariff Board (page 178) show that the import has fallen from 4·7 million dozens in 1926-27 to 2·5 million dozens in 1931-32 and the quantity manufactured in the country has risen from ·35 to ·62 million during the same period. While the import is reduced to half, the home manufacture is doubled in quantity. This cannot be called a menace to the Indian Hosiery Industry.

9. It should be remembered that protection is really a tax on the consumers and it is also a tax on the tax-payers. The protection, if it is protection, necessarily involves a loss of revenue which the Finance Member will have to make up by levying a new tax. The increased burden on the consumers and on the tax-payers can be justified if it is for the benefit of the masses, and it cannot be justified if it is for the benefit of a few capitalists. If the protection is intended for the benefit of the cottage industry in hosiery there may be some justification, but it will be unjustifiable if it is intended for capitalists who may in future open mills under the shelter of the protective duty and earn fat dividends. If the Government decides to impose a protective duty it should also be their duty to bring forward a new Bill to safeguard the interests of the cottage industries, and to exercise effective supervision over the mills. The Government cannot leave the matter by merely imposing protective duty. They should learn from their experience of sugar industry.

10. There is one point more which we should like to press. The duty by weight will act very adversely on heavier goods such as fleecy vests. The fleecy vests are not made in any appreciable number in this country. They are not put in Delhi market for sale. We tried to find out in Delhi market whether a fleecy vest made in this country was available and we could not find. The specific duty by weight on this class of goods will work from 100 to 125 per cent. and we suggest that no specific duty should be levied on vests having a weight of 4 lbs. or more as this quality is not made in this country in an appreciable quantity.

11. The burden on consumers is between two and three times the amount of the custom duty. The proposed duty on hosiery will put an additional burden of about one crore of rupees every year on consumers and a loss of about 15 lakhs a year to the Government from the year 1934-35 which will be realised from the tax-payers in a different form.

12. We conclude by recapitulating that the amount of protection to hosiery industry should not be more than what Tariff Board recommended and the additional protection should not be given without further enquiry and that the Government should create machinery to exercise effective supervision over industries enjoying protection.

ZIAUDDIN AHMAD.

A. H. GHUZNAVI.

I have recommended higher scales of duty for certain articles on the ground that if protection has to be given to them it must be fair and adequate. I have done so purely on their merits.

I will be failing in my duty if I do not place on record certain things that struck me most during the deliberations of the Select Committee. The report of the Tariff Board dealt with conditions in the industry as they existed two years ago. It was the duty of the Government to have furnished the Committee with data bringing the facts mentioned in the report up to date. Not only have they not done that, but they have not even published the evidence taken by the Board. Even the copies of the representations made by certain Associations which I wanted were given to me on the last day when it was too late to digest the facts and use them. I protest strongly against Government not having circulated in the Select Committee the evidence taken by the Tariff Board. For this reason I feel that adequate consideration has not been given to many items and the treatment given to raw silk in particular was, to say the least, very trivial.

I am distinctly of the opinion that though the Government must have the final voice in formulating proposals of this kind, it is highly desirable that all matters on which they disagree with the proposals of the Tariff Board and adopt a different line of policy and conclusion should be remitted to the Board to review them in the light of the new orientation.

The textile industry has already had the benefit of protection for some time, but it is notorious that it has not done anything worth mentioning during the time to put its house in order. On the other hand, the Tariff Board clearly states that without the aid of protection the majority of mills in India will find it impossible for a long time to come to realise any return on their capital. I have no doubt that unless some kind of control is exercised over the industry by the State, it will not, even if it can, get out of the moribund condition into which it has now fallen. If the industry looks up to the State for protection, the State has every right to lay down certain conditions under which alone that protection can be given.

I wanted the Select Committee to accept this principle and undertook to put forward certain specific proposals to achieve the objects aimed at. The Chairman, however, ruled them out of order on the ground that such provisions were irrelevant in a Tariff Bill, though I brought to his notice that an amendment on similar lines to the Match Protection (Tariff) Bill was admitted by the President and moved in the Assembly by Mr. N. M. Joshi in 1928. I pleaded with him in vain and the matter had to be dropped in the Select Committee. I cannot approve of the policy of unjustly taxing the already overburdened consumer solely for the purpose of benefiting a handful of Managing Agents and other capitalists in the name of what is called a national industry and although I am prepared to go a long way to help it, as will be seen from the recommendations made in other notes, I have no hesitation to state that unless suitable provisions are made in the Bill itself, or if that is not possible, in a separate enactment, to ensure that the stipulations laid down for the efficient working of the industry are strictly observed, it is not proper to proceed further with this Bill.

K. P. THAMPAN.

NEW DELHI,

April 2nd, 1934.

We regret we are unable to subscribe to the Report of the Select Committee in respect of the duties on cotton yarns and art silk piecegoods.

Cotton Yarns.—Taking cotton yarns first, as the proposals now stand, the protection afforded to the textile industry will actually be less than that which it has enjoyed since 1927. In that year a specific duty of 1½ annas per pound was imposed on all yarns. If the same measure of protection were to be maintained and our contention is that from the point of view of prices, at any rate, the competition has become even more severe than formerly—a much higher scale of duties is called for, taking into consideration the increase in costs caused by the import duties levied since 1931 on machinery, appliances and the long-stapled cotton which has to be imported for spinning finer counts. According to the terms of the Indo-Lancashire Agreement, the specific duty on yarns from the United Kingdom was to be 1¼ anna per pound on all counts. The Bill, providing, as it does, for only an *ad valorem* duty of 5 per cent. on counts above 50s. reduces it in effect to ¾ anna per pound at today's prices, and if the tariffs on the various articles enumerated above are taken into consideration, the effective duty is only a ¼ anna per pound. We, therefore, propose to the Select Committee that the duty in respect of all yarns from the United Kingdom, should be 5 per cent. or 1¼ anna per pound whichever is higher.

In respect of non-British yarns, the Bill proposes a duty of 6¼% or 1 7/8 annas per pound on counts of 50s. and under, and 6¼% with no specific duty, on counts above 50s. At today's prices, these proposals, if adopted, must involve spinning mills in considerable losses. To reduce these losses, our proposals in the Select Committee were :—

(*a*) On 50s. counts and under .	6¼% or 2¼ annas per lb. whichever is higher.
(*b*) Above 50s. counts	6¼% or 1 7/8 annas per lb. whichever is higher.

Considering the large quantities of Indian mill-made yarns available for sale, these increases could not possibly hurt the interests of the handloom weaver.

In estimating the reasonableness of these suggestions, we desire to draw attention to an important factor which has recently emerged, namely, the proposed reduction of working hours in factories from 60 to 54 per week, which will materially affect the costs of production and the competitive capacity of the industry.

Art Silk Piecegoods.—The proposals embodied in the Bill with regard to art silk piecegoods are also very unsatisfactory. It may be that the imports of this class of goods have fallen in recent months, but it is a matter for consideration whether the figures in the Sea-borne Trade Returns reflect the true position. We submit that it is not possible to ignore, in this connection, the undoubted increases which have taken place in the imports through ports in the Indian States. The drop in importations corresponds, besides, to the reduction in imports of all classes of goods brought about by the prevailing depression. If the question is examined from the point of view of prices, it is noteworthy that the wholesale market price in India of Japanese pure art silk tafettas is 4 as. 9 ps. today as against an average of 4 as. 7 ps. in 1932, that is, before the imposition of the minimum specific duty. As regards art silk mixtures, imports from Japan have been increasing fairly rapidly, and it has to be remembered that the definitions have been so altered as to admit in this class several categories of goods which formerly paid the higher specific duty as pure art silk goods.

We are of the opinion that a duty of 6 as. per sq. yard on pure art silk goods and 4 as. per sq. yard on art silk mixtures is necessary. Taking into consideration the fact that these goods are outside the Quota, there is reasonable ground for fearing that Japan may concentrate on increasing importations of this type of goods. In this connection, regard must be had to the enormous expansion of the Rayon Industry which has been taking place in Japan.

In arriving at the conclusions embodied in this Minute, we have not been unmindful of the various conflicting interests affected by the tariff changes which are contemplated. Our proposals make for a reasonable measure of protection to the textile industry without involving any unfairness to the handloom or other interests, and we trust our views will receive adequate consideration.

H. P. MODY.
RAMESHWAR PRASAD BAGLA.
K. P. THAMPAN.
A. RAMASWAMI MUDALIAR.
N. S. DUDHORIA.
J. RAMSAY SCOTT.
F. E. JAMES.
SATISH CHANDRA SEN.

We are not in agreement with the increase proposed in the duty on art silk yarns. In our opinion, it will affect the interests of the handloom weaver and, to a certain extent, of the mills, without in any way benefiting the Silk industry. In these circumstances, our view is that the present duty of 18¾ per cent. may be retained.

H. P. MODY.
K. P. THAMPAN.
F. E. JAMES.
J. RAMSAY SCOTT.
RAMESHWAR PRASAD BAGLA.
A. RAMASWAMI MUDALIAR.

We are of opinion that an all-round addition of 14 annas to the existing *ad valorem* duty of 25 per cent. is not adequate to the needs of the Sericultural Industry. As a protective measure, it falls short, very considerably, of even the minimum limit suggested by the Tariff Board. As a safeguarding measure, it fails, because the strict application of the principles which have been held to govern other industries, is unsuitable to the circumstances of this industry, and is rendered difficult by reason of the course of foreign prices.

The levy of a uniform duty, by reducing the relative disparity between the prices of superior and inferior qualities of foreign silk, is calculated to stimulate the import of those very qualities which compete most with Indian silk.

We therefore agree to the additional duty of 14 annas in the case of 5 out of the 7 qualities mentioned in the customs Schedule. In the case of the remaining 2 qualities, *viz.* "White, other kinds" and "Shanghai, yellow" (the import of which amounts to over 80 per cent. of the total) we consider that the additional duty should be Rs. 2-0-0 and Rs. 1-8-0 respectively so as to bring up the price to that of Bengal silk, *i.e.*, Rs. 5-4-6 per lb.

H. P. MODY.
K. P. THAMPAN.
SATISH CHANDRA SEN.
N. S. DUDHORIA.
J. RAMSAY SCOTT.
RAMESHWAR PRASAD BAGLA.
A. RAMASWAMI MUDALIAR.

The scope of this Bill is twofold (i) a protection measure for the Textile Industry, and (ii) a safeguarding measure for the Sericultural Industry. The most fair way of dealing with these two different principles and two different principal industries would have been to split up the Bill into two Bills whereby the Textile Protection Bill would have been classed and denominated as "a Bill to provide for the fostering and development of the Cotton Textile Industry in British India". To jumble up a protective measure with certain amendments to the Tariff Act under the cloak of "a Bill to amend the Indian Tariff Act, 1894, for certain purposes" is to under-rate the great principles under which protection has been conceived in the past since 1924.

2. The Chairman ruled out in the Select Committee amendments to the textile protection part of the Bill which was moved by Mr. Thampan and which would have imposed certain compulsory obligations on the industry protected. The Assembly has long felt and insisted for some such provision in the protection Bills whereby industries protected should discharge certain obligations to the State and the public at large by disclosing their cost of production, by producing statements when required or by confirming to system of licence if Government would so require. In 1931, on 28th January, Sir George Rainy moved a Resolution in the Assembly regarding Import Duties on galvanized iron and steel pipes, etc., seeking the sanction of the Assembly to approve protection upto 31st March, 1934. The House was reluctant to grant such tall order and insisted annual review to indicate that genuine effort has been made by the manufacturers to reduce their cost of production and increase their output and extended the period of protection for one year only and amended the Resolution by the following compromise:

> * * * "and that before that date Government should make inquiries in order to ascertain whether a system of bounties might not be substituted wholly or in part for the increased duty."

Thereafter, when Government introduced the Sugar Protection Bill, the Assembly insisted on certain definite control over industries seeking protection. The Select Committee introduced a new clause (section 4 of the Sugar Industry Protection Act, 1932) whereby the Governor General in Council was given power to increase the import duty on sugar after due enquiry. If the present Cotton Textile Bill would have been a protection Bill in its true sense it would have been possible for the Select Committee to introduce a clause like section 4 of Sugar Industry Protection Act of 1932. In fact this was recommended by the Tariff Board in paragraph 199 in their report on Cotton Textile Industry. The Select Committee on Sugar Protection Bill further insisted that the Governor General in Council should, as soon as possible, thereafter, give the Legislature an opportunity to consider his action whenever he exercised this power.

3. Some of us feel very strongly that Government would be empowered to exercise control over industries receiving protection or concession from the State. Government exercise such

control over Railways, Tramways and Electric Supply Companies. Licencees have to submit accounts, balance sheets and conform to certain principles laid down by the Government. The Select Committee on Sugar Industry Protection Bill discussed such obligations and such control in great detail and in the main report referred to many aspects thereof. Section 5 of the Sugar Protection Act, 1932, gave power to the Governor General in Council to make "rules requiring owners of sugar factories in British India to make such returns relating to the production of sugar". That Select Committee in paragraph 3 of their report observed: "We also recommend that annual report should be presented to the Legislature showing the amounts expended on and the progress made in research and development" of sugar and sugar-cane. In the present instance the Government also contemplate to investigate how handloom weavers can be benefitted by supply of yarn on co-operative lines, but the Select Committee could not introduce a clause like section 6 of Sugar Industry Protection Act, where the Local Governments were empowered to impose certain obligations. Government are asking the Legislature to give further power through the Bill to regulate the price of sugar-cane for use in sugar factories which Mr. Bajpai has already introduced in the Assembly.

4. In camouflaging the Cotton Textile Protection Bill under the disguise of an amending Bill to Indian Tariff Act, the Government have deprived the Textile Industry possible relief in future and have curtailed the accruing rights of the Assembly to insist on the Government to exercise greater control and direction over industries so protected. In 1932 March, such ideas were uppermost in the minds of the Members of the Assembly. The Sugar Industry Select Committee discussed it threadbare and at one stage a licensing clause was drafted by the Government but was later on not fathered by them as they feared discrimination against foreign capital. I quote here *in extenso* the Minute of Dissent that Mr. S. C. Mitra and myself wrote on this main aspect of the broad principle of protection which applies to all industries claiming or receiving protection. I quote from page 3, paragraphs 5 and 6 of that Minute of Dissent.

"As long as we are working under the present Constitution it is idle to think of discrimination within the British Empire. I am for empire reciprocity with consent of respective Dominions concerned inside the British Empire. If that assurance would be given, our European colleagues in the Central Legislature would gladly join issue with us to control foreign investment in India, similar to the case we apprehend in the case of sugar industries. I must draw attention of the Legislature to the menace of foreign capital and control to Indian Industries. The Legislature and the Government should particularly watch cases where the Government grant concessions to particular industries. Already the electric industry in Bombay have been controlled by Americans. The protection to match industries brought in the Swedish combine. At present Government exercise no control over these foreign investors. There is further menace from America and the continent to our steel industry and shoe industry. There is menace to our cotton Mill Industry from Japan and Germany. Is it not high time that the Government should legislate for every individual case if they cannot at present introduce general legislation to protect industries in India in the interest of India.

6. To meet the serious situation stated in paragraphs 4 and 5, I propose the following new clause to be added to the Bill. In fact this draft clause was discussed in the Select Committee and my colleagues had no objection to it except that it raised broader issues of racial discrimination over which my colleagues did not feel competent to express opinions at that stage.

The new clause proposed should be as a sub-clause to clause 4.

(2) In order to secure that sugar factories in British India shall be developed and controlled in the best interest of India:

(*a*) requiring that no person shall own a sugar factory without a licence in that behalf;

(*b*) prescribing the qualifications of persons to whom such license may be granted;

(*c*) prescribing the duration and conditions of such licenses;

(*d*) determining the authority by whom such license shall be granted; and

(*e*) generally to carry out the purposes of this section.

In making such rules the Governor General in Council may provide that a contravention thereof shall be punishable with fine which may extend to five thousand rupees on each occasion."

I very much regret that the Government have failed to appreciate their obligations to the people and even to the industries concerned in drafting the present Bill and they have ignored the salutary recommendations of the Tariff Board in this important direction.

5. As regards protection to Sericulture Industry, I hold the view that the Government ought to have brought a separate Bill for the same as they desire to give protection to that industry under the Safeguarding Act in order to enable it to maintain the price level of 1928. The Sericulture Industry needed better fate as it gives, and if properly fostered and developed, it would give subsidiary income to millions of agricultural people. I would have welcomed the same level of duty on raw silk and silk yarn at the rate of Rs. 2/6 per lb. I regret very much that we in the Select Committee could not persuade the majority to accept that view. As regards the silk fabrics protection under new scale of tariff affords almost the same protection as has been recommended by the Tariff Board. Unfortunately the scale of tariff is so designed as to discriminate against Chinese silk fabrics. From figures supplied to us by the Government and Chinese trades representatives it appears Japan gets an advantage of 15 to 30 per cent. in certain articles. On the other hand Chinese silk piecegoods have been represented to us to contain size and therefore of heavier weight in certain cases. This is a point that the Executive must scrutinize and if possible so revise the scale of tariff as would not

favour Japan against China which country is stated to be a friendly consumer of Indian rice and cotton.

6. The spokesmen in the interest of cotton mills claimed higher import duty on cotton yarn which I had to oppose in the interest of the handloom weavers. Higher duty on yarn unnecessarily raises the prices of Indian yarn whereby the margin of profit to the handloom weavers is greatly reduced. At the same time I feel the Textile Industry ought to get long staple cotton free of duty for weaving finer counts. I therefore recommend that the Government should refund to *bonâ fide* millowners all import duties levied on long staple cotton when it is proved that such cotton is not produced in India. Relief in this direction will encourage manufacture of fine yarn and fine piecegoods and will not harm the cotton producer in any way.

7. The Secretary of State has already foreshadowed negotiations between the Government of India and the Government of Britain for an official Indo-British Trade Agreement. Such negotiations will be most welcome for one particular reason namely that it will fill up the lacuna left out in the non-official Indo-Lancashire Pact. This Mody-Lees Pact, in Mr. Mody's own words, is meant to foster spirit of mutual goodwill with a view to solve economic problems by mutual adjustments. But Mr. Mody adjusted nothing, demanded no quota for the Indian cotton but in fullness of heart gave certain concessions to operate immediately and others a year hence. The underlying feature of the Indo-Japanese Trade Agreement is the well-known principle of trade by barter and that Japan should buy so much cotton and India will buy so much piecegoods. This essential principle, namely exchange of commodities on quota basis did not find a place in the Mody-Lees Pact and therefore it has met such wide condemnation. I do hope the official negotiations between India and Britain will recognize this essential element of trade negotiations and incorporate in the agreement compulsory obligations on Lancashire to buy Indian cotton. Even in certain British quarters it is held that Lancashire must buy a minimum of one million bales of cotton. I will welcome such an agreement and I do hope it will fructify at an early date.

8. This brings me to the principle of Imperial Preference, that has become the main underlying feature of both the Indo-Japanese Agreement and the Mody-Lees Pact. I must confess that until I sat on the Select Committee I could not appreciate the situation that all commercial organisations in India and the entire Press in India and most of the publicmen have blessed the Indo-Japanese Agreement which implicates a preference of 25 per cent. to British Empire by the inclusion of the most-favoured nation treatment clause in that agreement. Sir Joseph Bhore pointed out in his reply to the debate:

> "I claim to have a certain amount of personal acquaintance with the views of the dissentient section of the industry, and, if I am right, the difference between the section of the industry which is opposed to the Millowners' Association, Bombay, and the latter, is that the former considers that a duty of 25 per cent. *ad valorem* is sufficient against the United Kingdom, whereas the latter considers 20 per cent. will be sufficient."

The Mody-Lees Pact concedes another 5 per cent. preference at a certain future date only. I myself along with others have blessed Indo-Japanese Agreement and condemned Mody-Lees Pact, on the wrong notion that Mr. Mody enabled the Government to incorporate preference to Britain through the Mody-Lees Pact. The country must recognise that the Agreement and the Pact both agree to Imperial Preference, though their difference is only in degree of preference, which means that all sections of commercial opinion in India have approved and blessed the Imperial Preference as the recognised feature in India's commercial relations with Britain. This new orientation of policy and outlook in Indian commercial world will have far-reaching effect on Indo-British relationship and I wish the public to recognise that. On principle, I have been all along opposed to Imperial Preference so long, but with the revision of view of the Indian mercantile community, Indian politicians must feel that they have been given the cold shoulder by the Indian commercial world. Public and nationalist Press must face the realities and the question emerges "if principles cannot be sacrificed for better friendship of India and Britain".

I had been unusually hard on my friend Mr. Mody for the Mody-Lees Pact. I cannot blame Mr. Mody any more that he is alone party to this Imperial Preference. What the general complaint is that Mr. Mody ought to have bargained his pact on quota basis. Anyway that particular grievance will get redressed when official Indo-British Trade negotiations take place.

B. DAS.

Undervests, Socks, Stockings are now protected by a duty of 12 annas per lb. or 25 per cent., and the Hosiery Fabric by 12 annas per lb. or 50 per cent. Other Hosiery products which are imported are mainly classified as apparel and pay 35 per cent. duty if foreign, or 25 per cent. duty if from the U. K. The duties on Undervests, Socks, Stockings and Fabrics should prove sufficient but we fear that as the duty on apparel is comparatively low attempts to evade the specific duty of 12 annas per lb. on Undervests will be made by alterations or embellishments to garments which are practically Undervests to smuggle them in, under the apparel duty by calling them Pullover, Slipovers, Coats, Sweaters, Shirts, etc. We realise there may be administrative difficulties in the customs but we understand the Customs Department will take action on attempts at deliberate evasion.

J. RAMSAY SCOTT.
H. P. MODY.
A. RAMASWAMI MUDALIAR.
RAMESHWAR PRASAD BAGLA.
N. S. DUDHORIA.
B. DAS.
K. P. THAMPAN.
VASUDEVA RAJAH.
SATISH CHANDRA SEN.
B. S. RAJU.
F. E. JAMES.

I am not satisfied with the duty fixed for artificial silk yarn. Silk industry, specially in Bengal, is a very ancient industry and at one time it used to export very large quantities to European countries. The industry is decaying on account of lack of popular interest and Government encouragement was observed by the Tariff Board in page 34. There is universal agreement with the fact that the grants available from the Government are utterly inadequate for this ancient industry which has great future possibilities as a source of subsidiary employment for the agriculturists and main employment for the lower strata of Bhadralog class. Apart from the competition by China which in 1932-33 exported into India out of a total export of 3,500 bales of silk 2,900 bales—and apart from the competition by the raw silk imported from China and Japan the real danger to the silk trade is the very large growing importation into this country of artificial silk and silk yarn from Japan and China and other countries. As a matter of fact between 1928-29 and 1932-33 the imports of this class has increased from 10,750 pounds to 2,63,180 pounds. Even the Committee on Agriculture in 1928 drew pertinent attention to the danger to the silk trade from the artificial source. But although the Tariff Board in its enquiry as to what protection ought to be given to the trade recommended a protection to the Industry of Rs. 2-6-0 per pound or 50 per cent. *ad valorem* on silk and Re. 1 per pound on artificial silk only 25 per cent. *ad valorem* and a duty of 12 annas on the former and 3 annas on the latter has been given by the Bill. This is wholly inadequate and the difference between the recommendations of the Tariff Board and the Government was supported on a wrong assumption that no case for protection but one of safeguard was made out. In my opinion if the silk trade is to be given real protection which it eminently deserved the duty recommended by the Tariff Board should be given.

SATISH CHANDRA SEN.

I endorse the above recommendations contained in Mr. S. C. Sen's note.

B. DAS.

[AS AMENDED BY THE SELECT COMMITTEE.]

[Words printed in italics indicate the amendments suggested by the Committee.]

A

BILL

Further to amend the Indian Tariff Act, 1894, for certain purposes.

WHEREAS it is expedient further to amend the Indian Tariff Act, 1894, for the purpose of affording protection to the sericultural industry and to the cotton and silk textile industries in British India and for certain other purposes: It is hereby enacted as follows:— VIII of 1894.

Short title and commencement.

1. (*1*) This Act may be called the Indian Tariff (Textile Protection) Amendment Act, 1934.

(*2*) It shall come into force on such date as the Governor General in Council may, by notification in the Gazette of India, appoint in this behalf.

Amendment of the Second Schedule, Act VIII of 1894.

2. The amendments specified in the Schedule to this Act shall be made in the Second Schedule to the Indian Tariff Act, 1894. VIII of 1894.

Bar of operation of the Indian Finance Act, 1931, and the Indian Finance (Supplementary and Extending) Act, 1931.

3. Notwithstanding anything contained in section 4 of the Indian Finance Act, 1931, or in section 4 of the Indian Finance (Supplementary and Extending) Act, 1931, the additional duties imposed by those sections shall not be levied or collected on any article chargeable with duty under Item No. 43C, 47, 157A, 157B, 158, 158A, 158B, 158C, 158D, 158E, 158F, 158G, 158H, 158J, 158K, 158L, 158M, 158N or 158O of the Second Schedule to the Indian Tariff Act, 1894, as amended by section 2 of this Act. VIII of 1894.

Duration.

4. The amendments made by section 2 shall have effect only up to the 31st day of March, 1939.

THE SCHEDULE.

(See section 2.)

Amendments to the Second Schedule to the Indian Tariff Act, 1894.

1. Item No. 24C shall be omitted.

2. In Item No. 43C, for the entry in the fourth column, the figures and words "25 per cent. *ad valorem* or 3 annas per pound, whichever is higher" shall be substituted.

3. Items Nos. 43D, 44, 45 and 45A shall be omitted.

4. After Item No. 46D the following item shall be inserted, namely :—

"47	STARCH AND FARINA	*Ad valorem* .	15 per cent."

5. In Item No. 78, the words "Silk waste, and raw silk including cocoons," shall be omitted.

6. For Item No. 100 the following item shall be substituted, namely :—

"100	YARNS AND TEXTILE FABRICS, that is to say :— Cotton thread other than sewing or darning thread. FLAX, twist and yarn. Hemp manufactures. Jute, twist and yarn, and jute manufactures, excluding second-hand or used gunny bags or cloth. Blankets and rugs (other than floor rugs), excluding blankets and rugs made wholly or mainly from artificial silk. Fabrics not otherwise specified, containing not more than 10 per cent. silk or 10 per cent. artificial silk or 10 per cent. wool or 50 per cent. cotton."	

7. Item No. 133 *with the heading thereof* shall be omitted.

8. After Item No. 157 the following heading and items shall be inserted, namely :—

	"TEXTILE MATERIALS.		
"157 A	SILK, RAW (excluding silk waste and noils), and silk cocoons	*Ad valorem* .	25 per cent. *plus* 1½ annas per pound.
157 B	SILK WASTE AND NOILS	*Ad valorem* .	25 per cent."

9. For Item No. 158 the following items shall be substituted, namely :—

"158	COTTON TWIST AND YARN, and cotton sewing or darning thread—		
	(*i*) of counts above 50's—		
	(*a*) of British manufacture	*Ad valorem* .	5 per cent.
	(*b*) not of British manufacture	*Ad valorem* .	6¼ per cent.
	(*ii*) of counts 50's and below—		
	(*a*) of British manufacture	*Ad valorem* .	5 per cent. or 1¼ annas per pound, whichever is higher.
	(*b*) not of British manufacture	*Ad valorem* .	6¼ per cent. or 1½ annas per pound, whichever is higher.
158 A	SILK YARN including thrown silk warps but excluding sewing thread and yarn spun from silk waste or noils.	*Ad valorem* .	25 per cent. *plus* 1½ annas per pound.
158 B	SILK YARN spun from waste or noils and silk sewing thread	*Ad valorem* .	25 per cent.
158 C	COTTON FABRICS not otherwise specified, containing more than 90 per cent. of cotton—		
	(*i*) Grey piece-goods (excluding bordered grey chadars, dhuties, saris and scarves)—		
	(*a*) of British manufacture	*Ad valorem* .	25 per cent. or 4½ annas per pound, whichever is higher.
	(*b*) not of British manufacture	*Ad valorem* .	50 per cent. or 5¼ annas per pound, whichever is higher.
	(*ii*) Cotton piece-goods and fabrics not otherwise specified—		
	(*a*) of British manufacture	*Ad valorem* .	25 per cent.
	(*b*) not of British manufacture	*Ad valorem* .	50 per cent.
158 D	Fabrics not otherwise specified containing more than 90 per cent. of artificial silk—		
	(*a*) of British manufacture	*Ad valorem* .	30 per cent. or 2½ annas per square yard, whichever is higher.
	(*b*) not of British manufacture	*Ad valorem* .	50 per cent. or 4 annas per square yard, whichever is higher.

158 E	Fabrics not otherwise specified, containing more than 90 per cent. of silk, including such fabrics embroidered with artificial silk	*Ad valorem* .	50 per cent. *plus two rupees* per pound.
158 F	Fabrics not otherwise specified, containing more than 10 per cent. and not more than 90 per cent. silk—		
	(*i*) *containing more than 50 per cent. of silk or artificial silk or of both*	*Ad valorem* .	50 per cent. *plus two rupees per pound.*
	(*ii*) *containing not more than 50 per cent. of silk or artificial silk or of both—*		
	(*a*) *containing more than 10 per cent. artificial silk.*	*Ad valorem* .	50 per cent. or 24 annas per pound, whichever is higher.
	(*b*) *containing no artificial silk or not more than 10 per cent. artificial silk*	*Ad valorem* .	50 per cent.
158 G	Fabrics not otherwise specified, containing not more than 10 per cent. silk but more than 10 per cent. and not more than 90 per cent. artificial silk—		
	(*i*) containing *50 per cent. or more* cotton—		
	(*a*) of British manufacture . .	*Ad valorem* .	30 per cent. or 2 annas per square yard, whichever is higher.
	(*b*) not of British manufacture . . .	*Ad valorem* .	50 per cent. or 3½ annas per square yard, whichever is higher.
	(*ii*) containing *no cotton or containing less than 50* per cent. cotton—		
	(*a*) of British manufacture . . .	*Ad valorem* .	30 per cent. or 2½ annas per square yard, whichever is higher.
	(*b*) not of British manufacture . .	*Ad valorem* .	50 per cent. or 4 annas per square yard, whichever is higher.
158 H	Fabrics not otherwise specified, containing not more than 10 per cent. silk or 10 per cent. artificial silk or 10 per cent. wool, but containing more than 50 per cent. cotton and not more than 90 per cent. cotton—		
	(*a*) of British manufacture	*Ad valorem* .	25 per cent.
	(*b*) not of British manufacture	*Ad valorem* .	50 per cent.
158 J	*The following cotton fabrics, namely: Sateens, italians, velvets and velveteens and embroidered all-overs—*		
	(*a*) of British manufacture	*Ad valorem* .	25 per cent.
	(*b*) not of British manufacture	*Ad valorem* .	35 per cent.
158 K	Fabrics containing gold or silver thread . . .	*Ad valorem* .	50 per cent.
158 L	TEXTILE MANUFACTURES, the following articles when made wholly or mainly of any of the fabrics specified in items 158 C to 158 K:—	*Ad valorem* .	The *ad valorem* rates of duty applicable to the fabric of which the article is wholly or mainly made.
	Bed sheets. Bed spreads. Bolster cases. Counterpanes. Cloths, table. Cloths, tray. Covers, bed. Covers, table. Dusters. Glass-cloths. Handkerchiefs. Napkins. Pillow cases. Pillow slips. Scarves. Shirts. Shawls. Sacks (cotton). Towels. *Umbrella Coverings.*		
158 M	COTTON KNITTED FABRIC	*Ad valorem* .	*50* per cent. *or 12 annas per pound, whichever is higher.*

158 N	COTTON BRAIDS OR CORDS, the following, namely :—		
	Ghoonsis and Muktakesis	Pound .	$6\frac{1}{2}$ annas.
158 O	COTTON HOSIERY, the following, namely :—		
	cotton undervests, knitted or woven, and cotton socks or stockings.	*Ad valorem* .	25 per cent. or *12* annas per pound, whichever is higher."

10. Item No. 180 *with the heading thereof* and *Item No.* 198 shall be omitted.

11. After Item No. 238C the following items shall be inserted, namely :—

" 238 D	RIBBONS	*Ad valorem* .	50 per cent.	40 per cent.	..
238 E	SOCKS AND STOCKINGS made wholly or mainly from silk or artificial silk.	*Ad valorem* .	50 per cent.	40 per cent.	..
238 F	FENTS, not exceeding 4 yards in length, being *bona fide* remnants of piece-goods or other fabrics.	*Ad valorem* .	35 per cent.	25 per cent.	..
238 G	APPAREL, hosiery, haberdashery, millinery, drapery, hats, caps, bonnets and hatters' ware, not otherwise specified.	*Ad valorem* .	35 per cent.	25 per cent.	25 per cent.
238 H	TEXTILE MANUFACTURES, not otherwise specified.	*Ad valorem* .	35 per cent. .	25 per cent.	.. "

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GOVERNMENT OF INDIA

LEGISLATIVE ASSEMBLY
DEPARTMENT.

Report of the Select Committee on the Bill further to amend the Indian Tariff Act, 1894, for certain purposes, with the Bill as amended.

GIPD— LAD—12-4-34—400.